

Internal Revenue Service, Treasury

§ 49.4261-3

The tax accrues at the time payment is made for the transportation, irrespective of when the transportation is furnished if the transportation actually begins after November 15, 1962, and before July 1, 1965.

(c) *In general.* The purpose of the transportation, whether business or pleasure, is immaterial. It is not necessary that the transportation be between two definite points. If not otherwise exempt, a payment for continuous transportation beginning and ending at the same point is subject to the tax. For the rate of tax with respect to amounts paid for seating and sleeping accommodations in connection with taxable transportation, see § 49.4261-9.

[T.D. 6618, 27 FR 11222, Nov. 14, 1962, as amended by T.D. 6753, 29 FR 12718, Sept. 9, 1964]

§ 49.4261-2 Application of tax.

(a) *Tax on total amount paid.* The tax is measured by the total amount paid, whether paid at one time or collected at intervals during the course of a continuous transportation, as in the case of a carrier operating under the zone system. For the application of the tax with respect to amount paid for seating or sleeping accommodations in connection with taxable transportation, see § 49.4261-9.

(b) *Tax on transportation of each person.* The tax is determined by the amount paid for transportation with respect to each person. Thus, where a single payment is made for the transportation of two or more persons, the taxability of the payment and the amount of the tax, if any, payable with respect thereto, must be determined on the basis of the portion of the total payment properly allocable to each person transported.

(c) *Charges for nontransportation services.* Where a payment covers charges for nontransportation services as well as for transportation of a person, such as charges for meals, hotel accommodations, etc., the charges for the nontransportation services may be excluded in computing the tax payable with respect to such payment, provided such charges are separable and are shown in the exact amounts thereof in the records pertaining to the transportation charge. If the charges for non-

transportation services are not separable from the charge for transportation of the person, the tax must be computed upon the full amount of the payment.

[T.D. 6430, 24 FR 9665, Dec. 3, 1959, as amended by T.D. 6518, 25 FR 13134, Dec. 21, 1960, as amended by T.D. 6618, 27 FR 11222, Nov. 14, 1962]

§ 49.4261-3 Payments made within the United States.

(a) *Transportation beginning and ending in the United States or the 225-mile zone.* The tax imposed by section 4261(a) applies to payments made within the United States for transportation which begins in the United States or in the 225-mile zone and ends in the United States or in the 225-mile zone. For example, an amount paid within the United States for transportation between New York and Montreal, Canada; between Vancouver, Canada, and Windsor, Canada; or between Nogales, Mexico, and Hermosillo, Mexico, would be fully taxable. See section 4262(c) (2) and paragraph (b) of § 49.4262(c)-1 for the definition of the term "225-mile zone".

(b) *Other transportation—(1) Transportation beginning before November 16, 1962.* In the case of transportation beginning before November 15, 1962, (other than that described in paragraph (a) of this section), for which payment is made in the United States, the tax applies with respect to the amount paid for that portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States. Transportation that (i) begins in the United States or in the 225-mile zone and ends outside such area, (ii) begins outside the United States or the 225-mile zone and ends inside such area, or (iii) begins outside the United States and ends outside such area is taxable only with respect to such portion of the transportation which is directly or indirectly from one port or station in the United States to another such port or station. Thus, on a trip from Chicago to London, England, with a stop-over at New York, for which payment is made in the United States, the tax would apply to the part of the payment

which is applicable to the transportation from Chicago to New York.

(2) *Transportation beginning after November 15, 1962.* In the case of transportation beginning after November 15, 1962 (other than that described in paragraph (a) of this section), for which payment is made in the United States, the tax applies with respect to the amount paid for that portion of such transportation by air which is directly or indirectly from one port or station in the United States to another port or station in the United States, but only if such portion is not a part of "uninterrupted international air transportation" within the meaning of section 4262(c) (3) and paragraph (c) of § 49.4262(c)-1. Transportation that

(i) Begins in the United States or the 225-mile zone and ends outside such area,

(ii) Begins outside the United States or the 225-mile zone and ends inside such area, or

(iii) Begins outside the United States and ends outside such area.

is taxable only with respect to such portion of the transportation by air which is directly or indirectly from one port or station in the United States to another port or station in the United States, but only if such portion is not a part of "uninterrupted international air transportation" within the meaning of section 4262(c) (3) and paragraph (c) of § 49.4262(c)-1. Thus, on a trip by air from Chicago to London, England, with a stopover at New York, for which payment is made in the United States, if the portion from Chicago to New York is not a part of "uninterrupted international air transportation" within the meaning of section 4262(c)(3) and paragraph (c) of § 49.4262(c)-1, the tax would apply to the part of the payment which is applicable to the transportation from Chicago to New York. However, if the portion from Chicago to New York is a part of "uninterrupted international air transportation" within the meaning of section 4262(c) (3) and paragraph (c) of § 49.4262(c)-1, the tax would not apply.

(c) *Method of computing tax on taxable portion.* Where a payment is made for transportation which is partially taxable under paragraph (b) of this section:

(1) The tax may be computed on that proportion of the total amount paid which the mileage of the taxable portion of the transportation bears to the mileage of the entire trip, or

(2) The tax may be computed on the basis of the applicable local fare for transportation of a like class between the ports or stations referred to in paragraph (b) of this section. Where a uniform fare is charge for transportation between a station and any coastal gateway point of embarkation on a trip to the same international destination, the tax may be computed on the basis of such uniform fare. In the absence of a fare described in this subparagraph, the tax must be determined in accordance with subparagraph (1) of this paragraph. If an international trip includes a leg between coastal gateway points of embarkation for which no additional fare is charged, no tax shall be applicable to such leg of the transportation.

(d) *Cross reference.* See section 4262 (b) and § 49.4262(b)-1 for a partial exclusion with respect to amounts paid for certain transportation.

[T.D. 6430, 24 FR 9665, Dec. 3, 1959, as amended by T.D. 6618, 27 FR 11222, Nov. 14, 1962]

§ 49.4261-4 Payments made within the United States; evidence of nontaxability.

(a) *Presumption of taxability.* The tax imposed by section 4261(a) shall apply to any amount paid within the United States for the transportation of any person, unless the taxpayer establishes in accordance with the provisions of this section that at the time of payment the transportation is not transportation in respect of which tax is imposed by section 4261(a) (see section 4264(d)).

(b) *Through tickets.* In the case of transportation which is wholly or in part not taxable transportation, the issuance of one ticket (commonly known as a "through ticket") covering such transportation will be sufficient to establish that the amount paid for such transportation is wholly or in part not subject to tax. Thus, if A purchases a through ticket in the United States for transportation by air which begins before November 16, 1962, from Chicago to Edmonton, Canada, with a